

# NEWSLINE

Savings Plus Program

3rd Quarter 2005

## SPP Completes Fund Changes

August 24 marked the rollout of our new fund lineup, including four new funds. If you held investments with any of the providers we replaced, your assets were automatically transferred to the new fund provider for that category. Your future paycheck deferrals ("allocation") also were switched to the new providers.

Our record-keeper, Nationwide® Retirement Solutions, mailed confirmations to everyone affected by these changes that show where your funds are now invested. These changes

also show up on your latest statement, mailed with this newsletter.

### Special Notice Regarding Franklin Fund

Assets that our participants had invested with the Franklin Balance Sheet Investment Fund were scheduled to be moved to another small cap value fund as part of the overall lineup changes. Instead, these assets will remain with Franklin through December 2005.

The change of plans came about when State Street Global Advisors, the provider we had selected to replace Franklin, notified us it would not contract with Savings Plus as previously agreed.

We plan to offer a replacement fund provider for the small cap value category sometime in December. Once we know who the new fund provider will be, and the specific date when it will join our lineup, we'll post the information on our Web site and notify current Franklin investors by mail.

## Make Asset Allocation Work for You

You may not realize it, but far too many of our enrollees in SPP keep their funds in conservative, low-returning investments (such as fixed income or stable value funds) for long periods of time. Or they stay in the same investment choices they selected when enrolling, even though their time horizon changes as they get older.

Generally speaking, these are not good investment strategies. There's a simple solution: diversify your investments through asset allocation.

We've structured our new fund lineup to make it easier for you to understand — and use — asset allocation. The chart on page 2 shows the asset categories and the fund options within each category.

To develop your own plan, start by answering the two questions below. If you need help, use our Web site questionnaire to guide you (it's under Investment Education). There's also a questionnaire in the Savings Plus Investment Guide, also available on the Web site.

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# Savings Plus Fund Choices

Cash/Fixed Income	Savings Pool [2230]		
	Dwight Asset Management [2810]		
Bond	Vanguard Total Bond Market Index (VBTIX) [8261]		
Stock	Value	Blend	Growth
Large Capitalization	Savings Plus Large Cap Value Fund [7311]	Savings Plus Large-Cap Blend Fund [7310]	American Funds Growth Fund of America (AGTHX) [2484]
		CalPERS S&P 500 Equity Index Fund [2750]	
Medium Capitalization	T. Rowe Price Mid-Cap Value Fund (TRMCX) [2830]	Savings Plus Mid-Cap Blend Fund (CRIMX) [7312]	T. Rowe Price Mid-Cap Growth Fund (RPMGX) [7736]
Small Capitalization	Franklin Balance Sheet Fund (FRBSX) [7817]	JP Morgan Investment Management- Undiscovered Managers Behavioral Value Fund (UBVLX) [2850]	Hartford Small Company HLS Fund (HIASX) [2840]
International Stock	Philadelphia International Fund (GTIIX) [4350]		
Socially Responsible Stock	Savings Plus Socially Responsible Fund [7314]		
Asset Allocation	Gartmore Investor Destination Series - Conservative (NDCSX) [9719] Gartmore Investor Destination Series - Moderately Conservative (NSDCX) [9720] Gartmore Investor Destination Series - Moderate (NSDMX) [9721] Gartmore Investor Destination Series - Moderately Aggressive (NDMSX) [9722] Gartmore Investor Destination Series - Aggressive (NDASX) [9723]		

NOTE: (Ticker Symbols) for publicly traded funds are in parenthesis. Funds without a ticker symbol are not publicly traded. Information on SPP funds is available on the SPP Web site, [www.sppforu.com](http://www.sppforu.com) under Fund Information. You can obtain monthly or quarterly fund performance when you log into your account, then select Fund Detail.

[Voice Response System] fund codes are listed in brackets. Use these codes to obtain funds' daily prices (from the previous "market day" close), to order fact sheets or prospectuses, or to obtain your account balance for each fund you own.

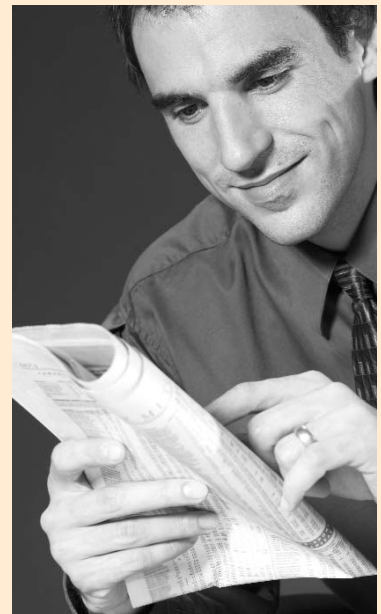
# Contribution Limits Increase In 2006

The amount of money you're allowed to contribute to each of your SPP accounts (401(k) and 457) goes up next year to \$15,000, unless you're 50 or older. (The 2005 limit is \$14,000.)

If you're 50 or older, the cap per plan is \$20,000 in 2006.

To take advantage of the higher limits beginning with your first paycheck of the 2006 tax year, submit your deferral change as follows:

- If your December paycheck is dated January 1 (most employees), submit your deferral change by 1 pm (PT), November 30 (but not before November 1, or it will be applied to the 2005 tax year).
- If your December paycheck is dated December 30, submit your deferral change by 1 pm (PT), December 30 (but not before December 1, or it will be applied to the 2005 tax year).



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## Choosing your asset allocation

- *What's my time horizon?* If you won't need the money from your investments for a long time, you have more years to save and can tolerate more investment risk.
- *What's my risk tolerance?* This refers to your comfort level with investment risk. When assessing your risk tolerance, keep in mind your time horizon, your retirement goals, whether you have the money to take risk, and whether you feel comfortable taking risk.

Once you determine your asset allocation strategy, use the chart on page 2 to select your investments from the new lineup. This new chart replaces the chart from our 2005 *Investment Guide*, page 11, and displays the new lineup under each of the primary asset classes:

- Cash/Fixed Income
- Bonds
- Stocks

You can use an even simpler approach to asset allocation if you limit your investments to one of the Asset Allocation funds, also included on the chart.

For participants who track publicly traded funds, the chart includes ticker symbols for these funds. The chart also includes the fund codes for our enrollees who use the voice response system (VRS).

Make a commitment to yourself to learn more about asset allocation. It's explained in more detail in the SPP *Investment Guide*. You also can learn more about asset allocation on the Internet, through financial publications, and from financial planners. Use the questionnaire to select the investor profile that fits you best, select the appropriate funds for each asset class, then relax and watch asset allocation work for you.

## Glenmede Changes Its Name

The Glenmede Institutional International Fund, managed by Philadelphia International Advisors, LP (PIA), was renamed, effective July 1, 2005. The fund's new name is ***Philadelphia International Fund***. Its strategy and investment mandate remain the same. Only the name was changed to align with the name of the fund manager. PIA will assume all administrative duties for the fund, beginning January 1, 2006.

To learn more about this fund, refer to the SPP Investment Guide or the fund's prospectus. Prospectuses are available on the SPP Web site or by calling SPP at 1-866-566-4777 (press \*0) Mon.–Fri., 8:30 a.m. to 4:00 p.m.

# Who's Your Beneficiary?



Look at the last page of your statement under "Beneficiary Identification" to see who's listed. If there's been a change in your family status (marriage, divorce, death, birth, adoption), you may need to update this information. Forms are available on the SPP Web site, [www.sppforu.com](http://www.sppforu.com), under Forms and Publications, or you can call 1-866-566-4777 to request a form (press \*0 to speak to a customer service representative).

If the "Beneficiary Identification" space on your statement is blank, it means we don't have a beneficiary designation on file for you. You need

to fill out a "Beneficiary Designation Form" for each plan you're enrolled in (401(k) and/or 457) so we know who should receive your assets upon your death.

## Watch the Mail for 1099-R

If you received a distribution from your SPP account in 2005, we'll mail a 1099-R form to you by Jan. 31, as required by federal law. You'll get two 1099-R forms if you received distributions from both your 401(k) and 457 Plan in 2005.

To be sure you get your 1099-R, please make sure we have your current mailing address. If your form hasn't arrived by Feb. 15, request a copy by calling SPP toll free at 1-866-566-4777. Press \*0 to speak to a customer service representative.

## Investment Fund Update

### FUND INVESTIGATIONS

No items to report.

### FUND MANAGER CHANGE

No items to report.

### WATCH LIST

### CRITERIA

Franklin Balance Sheet

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*\*Fund changed capitalization from small cap to mid cap, as reported by Morningstar, Inc.\**

### WATCH LIST CRITERIA:

- 1 Did not meet the established performance standards (benchmark/peer universe) over preceding 3/5-year period
- 2 Investment manager changed or such change appears imminent; this change may have detrimental effect on fund
- 3 Significant change in ownership or control of the fund provider
- 4 Material change occurred in investment focus/strategy, capitalization, or investment style
- 5 Substantial portfolio turnover within the fund
- 6 Violation of a Security and Exchange Commission rule or regulation
- 7 Fund experienced difficulty transacting trades, fund transfers, or pricing
- 8 Fund experienced problems in procedures or operations, which may detract from Savings Plus objectives
- 9 Violation of contract terms



**State of California  
Department of  
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**Savings Plus Program  
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### How to Reach Us

#### Hours:

Lobby: 8:00 a.m. - 5:00 p.m.  
Phone: 8:30 a.m. - 4:00 p.m.

**Web site:** [www.sppforu.com](http://www.sppforu.com)

**Voice Response System:** 1-866-566-4777

**TDD:** 1-916-327-4266  
8-467-4266 (CALNET)

**FAX:** 1-916-327-1885  
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